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**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**WATER DIVISION  
Water Advisory Branch**

**RESOLUTION NO. W-4296  
October 25, 2001**

**R E S O L U T I O N**

**(RES. W-4296), SOUTHERN CALIFORNIA WATER COMPANY,  
REGION 3, (SCWC). ORDER AUTHORIZING A TEMPORARY  
SURCHARGE TO OFFSET COSTS RESULTING FROM A  
TEMPORARY ELECTRIC RATE INCREASE TO SOUTHERN  
CALIFORNIA EDISON COMPANY (SCE) GRANTED BY  
COMMISSION DECISION (D.) 01-03-082.**

**SUMMARY**

By Advice Letter 1097-W, filed June 20, 2001, revised by Supplemental Advice Letter 1097-W on September 12, 2001, SCWC seeks to increase rates by \$297,236 or 1.67% to offset the estimated increase in purchase power costs in all of Region 3 that have occurred since its present rates became effective. The increase will apply only to the Claremont District. The increase will not result in a rate of return greater than last authorized for SCWC.

**BACKGROUND**

Pursuant to Commission D.01-03-082, SCE and PG&E were granted an interim rate increase of \$0.03 per kilowatt-hour due to the recent increase in wholesale electricity costs. As a result of the increase granted to these electric companies, SCWC's purchased power costs have increased. SCWC is requesting to increase water rates to offset the incremental impact of \$449,938 in operating expenses by implementing a temporary surcharge in its metered rate schedules. However, SCWC has already filed an offset for its San Dimas, San Gabriel, and Orange County Districts, also Calipatria is not in SCE's service territory and Desert and Wrightwood are frozen to rate increases. The Claremont District is the only district eligible for this increase.

SCWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to adjust rates to offset the increase in its purchased power costs.

The Water Division anticipates that many of the approximately 150 water and sewer companies the Commission regulates will be filing for similar offsets.

### **NOTICE AND PROTESTS**

Notice of the proposed rate increase was published in the local newspaper of each district on March 14, 2001. One letter objecting to the increase was received by the Water Division. SCWC has responded adequately to the concerns expressed in the letter.

### **DISCUSSION**

The offset increase requested herein is for the purpose of recovering in rates on a dollar-for-dollar basis changes in items that have occurred since the present rates became effective. SCWC's Year 2000 pro forma and recorded rate of return in the Claremont District is 8.93% and 7.98%. Its last authorized rate of return was 8.94% for Year 2000 as provided in D.00-06-074. This district is not earning more than its last authorized rate of return, on either an actual or weather-normalized (pro-forma) basis. This district is within the rate case cycle.

Since the increase is caused by changes in expenses directly related to water consumption, it is applied to water usage for metered customers.

At proposed rates, the impact to SCWC customers will be the following:

**Claremont:** a commercial or residential customer on Schedule CM-1 with a 1-inch meter, using 25 Ccf per month will experience a monthly increase of \$0.38 or 0.56% from \$67.74 to \$68.12.

In order to expeditiously process this type of filing from the approximately 150 affected water and sewer utilities, Water Division requests delegated authority to approve similar advice letters filed by other water and sewer utilities, if the filings are correct.

### **FINDINGS**

1. The Commission finds, after investigation by the Water Advisory Branch, that the rate increase hereby authorized is justified, and the resulting rate is just

and reasonable.

**THEREFORE IT IS ORDERED THAT:**

1. Southern California Water Company is authorized, five days after the effective date herein, to make effective the revised rate Schedules CM-1, General Metered Service; CMC-1, General Metered Service; CM-7ML, Limited Metered Service; CMH-3M, Measured Irrigation Service; CMP-3M, Metered Irrigation Service, attached to Supplemental Advice Letter 1097-W-A therein and to concurrently cancel the presently effective rates.
2. If Southern California Edison Company and/or Pacific Gas and Electric Company rates should be further increased, the offset requested in this advice letter would remain in effect until Southern California Water Company requests an offset to pass on those higher rates or until otherwise changed by the Commission. If the Southern California Edison Company and/or Pacific Gas and Electric Company rate increase should be reduced, Southern California Water Company will immediately file an advice letter requesting an offset to pass on the savings to customers.
3. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on October 25, 2001; the following Commissioners voting favorably thereon:

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WESLEY M. FRANKLIN  
Executive Director